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Willow Lakes Property Owners Association  
P.O. Box 875  
Benson, AZ 85602  
(520)586-4241

RECEIVED

2001 JUN 19 A 11:27

AZ CORP COMMISSION  
DOCUMENT CONTROL

June 14, 2001

Arizona Corporation Commission

DOCKETED

JUN 19 2001

TO: Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

RE: Copies - Financing Documents

DOCKETED BY

Dear Sir:

Attached to this letter you will find a copy of the Loan Resolution Security Agreement and the Promissory Note for the loan acquired by the Willow Lakes Property Owners Association, Inc. as requested by the Compliance Notice for Docket No. W-02173A-00-<sup>0974</sup>~~974~~, Decision No. 63588, Decision Date 04/24/2001.

Thank you for your patience and understanding.

Sincerely,

*Cheryl Fleming*

Cheryl Fleming, Treasurer  
Willow Lakes Property Owners Association Inc.

A RESOLUTION OF THE Board of Directors  
OF THE Willow Lakes Property Owners Association  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE  
PRINCIPAL AMOUNT OF \$100,000.00 FOR THE PURPOSE  
OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A  
Water System Improvement Project, PROVIDING FOR THE COLLECTION, HANDLING, AND  
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTE(S),  
SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT OF  
SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Willow Lakes Property Owners Association, Inc., (hereinafter  
referred to as the "Organization"), was organized under The Arizona Revised Statutes  
\_\_\_\_\_ for the purpose of providing a

Water Delivery System (hereinafter referred to as the  
"Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the 22 day of November  
pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility:

and, as shown by the minutes of said meeting, of the 7 members of record of the organization there were  
present and voting 7, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipped in accordance with plans, and specifications  
prepared by Herb Zinsmeister

and in order to finance the Facility, the Board of Directors  
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the organization,  
to make application to the United States of America, acting through the United States Department of Agriculture,  
(hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a  
promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments  
to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the  
Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and  
all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and  
on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining  
a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development  
Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into  
consideration prevailing private and cooperative rates and terms currently available;

**PROMISSORY NOTE**  
(ASSOCIATION OR ORGANIZATION)

State ARIZONA			
County COCHISE			
Case No. 02-15-860314812			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

KIND OF LOAN:

- ☒ ASSOCIATION- ORGANIZATION  
☐ HOUSING-ORGANIZATION  
☐ PUBLIC BODY  
☐ OTHER

Date \_\_\_\_\_

FOR VALUE RECEIVED, WILLOW LAKES PROPERTY OWNER ASSOCIATION, INC.  
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in \_\_\_\_\_

PHOENIX, ARIZONA, or at such other place as the Government may hereafter designate in writing, the principal amount of ONE HUNDRED THOUSAND AND NO/100\*\*\*\*\*dollars (\$ 100,000.00 ), plus interest on the unused principal balance at the rate of FOUR AND THREE EIGHTS percent ( 4.375 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ XXXX on XXXX,  
\$ XXXX on XXXX,  
\$ INTEREST ONLY on 2001,  
\$ 446.00 on 2001, and  
\$ 446.00 thereafter on the \_\_\_\_\_ of each MONTH

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby,

if not sooner paid, shall be due and payable FORTY ( 40 ) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

WILLOW LAKES PROPERTY OWNERS ASSOCIATION, INC.

(Name of Borrower)

(CORPORATE SEAL)

William D. Holmquest  
WILLIAM HOLMQUEST, PRESIDENT (Signature of Executive Official)

ATTEST:

(Title of Executive Official)

[Signature]  
(Signature of Attesting Official)

POST OFFICE DRAWER 875  
(Post Office Box No. or Street Address)

BENSON, AZ 85602  
(City, State, and Zip Code)

JOE PRES  
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(3) \$		(9) \$	
(5) \$		(10) \$	
TOTAL			

PAY TO THE ORDER OF

UNITED STATES OF AMERICA

(Name of Agency)

BY

## ASSIGNMENT OF INCOME AND ASSESSMENTS

FOR AND IN CONSIDERATION of a loan made to it by the United States of America, acting by and through the Administrator of USDA - Rural Utilities Services, United States Department of Agriculture, in the amount of \$100,000.00, the said indebtedness being evidenced by Promissory Notes executed by the undersigned to the United States of America, as follows:

<u>Amount</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Last Installment Due</u>
\$100,000.00	4.375		

THE UNDERSIGNED DOES HEREBY ASSIGN AND SET OVER TO THE UNITED STATES OF AMERICA all of the proceeds, revenue, assessments, contract rights, accounts, general intangibles and all other income of whatever nature or kind for the purpose of repaying the installments of principal and interest thereon.

THIS ASSIGNMENT shall not be deemed to release the undersigned, or any of its members or stockholders, of any obligations pursuant to membership of stock subscriptions, promissory notes for payment of such subscriptions, or the assignment of any thereof to the United States of America.

IN WITNESS THEREOF, Willow Lakes Property Owners Association, Inc., having taken all the action necessary to make this assignment, has caused its Corporate name to be hereunto subscribed by its President and its Corporate seal to be hereunto affixed and to be attested by its Secretary this \_\_\_\_\_, 2000

**Willow Lakes Property Owners Association, Inc.**

By: William D. Fitzgerald

SEAL

~~Attest:~~

**Secretary**

Date \_\_\_\_\_